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# 1949 OUTLOOK

for  
**FARM**  
and  
**HOME**



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UNIVERSITY OF ILLINOIS • • COLLEGE OF AGRICULTURE  
EXTENSION SERVICE IN AGRICULTURE AND HOME ECONOMICS

## GENERAL OUTLOOK

What will 1949 bring? No one has a certain answer to this question, but it now appears likely that:

**Demand** for farm products will be good thru 1949, but probably somewhat weaker than in 1948.

**Prices** for some farm products will adjust upward or downward to offset changes in supplies.

**Operating costs** for farmers will go up.

**Profits** from farming will go down moderately.

**Land prices** may decline slightly because of the lower net farm incomes.

**Living costs** will average somewhat lower.

A severe drop in prices of farm products is not expected. Large supplies of grain have already brought grain prices down to or near government support levels. This situation will prevent the development of a speculative "boom and bust" such as occurred early in 1948. Furthermore money and credit systems now in effect are less likely to promote a crash than those in effect after World War I. For example, there is now no expectation of foreign countries returning to a gold standard as they did in 1920. Again, the U. S. Treasury now supports prices of U. S. government bonds instead of letting them fall as it did after the first world war.

If it were not for the unsettled international situation, we might expect a moderate recession in 1949. Many of the urgent needs for manufactured goods which developed during the war have been met. In several lines more goods are being produced than can be sold at their present prices. Ordinarily this would cause some reduction in employment and consumer incomes. Now it appears that expenditures for national defense will in part offset this tendency.

Other spending will stay high in 1949. State and local governments will spend more this year than they did in 1948. Several major industries will continue to expand in 1949. Employment and income for most workers, and consequently their buying power, will be high.

Even tho consumer incomes and the demand for farm products remain high in 1949, prices of individual products may fall or rise in response to increased or decreased production and market supplies. Generally speaking, the changes in prices of farm products will be largely offset by changes in the amount farmers sell.

High operating costs may cause many farmers trouble in the year ahead. These expenses have more than doubled since before the war, and are likely to rise more in 1949. There have been two basic reasons for higher costs — prices of farm equipment and supplies have increased, and easy money has led some farmers to buy things they did not need. By buying more cautiously farmers can do much to keep operating costs within reasonable limits in 1949.

We live in an age of great changes. Our generation has seen a revolution in farming methods. We have witnessed extremely low and very high prices for farm products. We have experienced great depression and high prosperity in agriculture. More changes are surely ahead.

These changes create many difficulties for farm families, but they also present opportunities. The successful farmers of tomorrow will be the ones that make careful plans today. This circular contains facts which should help Illinois farm families make successful plans for the year ahead.

January, 1949



## WHEAT SUPPLIES LARGE

Wheat supplies in the U. S. will be very large in 1949, so prices will probably remain near government support levels. The loan rate for the 1949 crop is expected to average about the same as for the 1948 crop — about \$2 a bushel at the farm.

The U. S. supply of wheat is the third largest on record. The carryover next July 1 is estimated at 275 million bushels, well above the 1932-1941 ten-year average of 235 million. In addition, the 1949 crop is expected to be much larger than prewar averages. A record or near-record acreage may be harvested and the weather has been favorable for high yields.

World supplies of wheat in 1949 will be below prewar levels. This, combined with larger populations and shortages of other foods, will provide an outlet for large quantities of U. S. wheat.

## GOOD DEMAND FOR SOYBEANS

Soybean prices during the first half of 1949 are expected to be moderately higher than at harvest time in 1948. Prices will be held up by a broad demand for soybean meal, a world-wide shortage of edible fats and oils, and a potentially strong export demand for soybeans.

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## CORN PRICES NEAR LOAN LEVEL

The record-breaking 1948 corn crop probably will dominate the feed-grain situation for many months. During the first half of 1949 prices are expected to work upward to slightly above the loan level. After the growing season begins, the price will depend on weather conditions.

The carryover of old corn next October 1 is expected to be around 600 million bushels, or about twice normal. With this huge carryover the supply in 1949-50 will be medium or large, depending on the size of the 1949 crop. Another large crop probably would force market prices below the support level. A moderately small crop would bring somewhat higher prices, but probably not much above the government loan levels. In the long run the value of corn will be governed largely by the price of hogs.

## SOME FORAGE SEEDS SCARCE

Supplies of most forage seeds are smaller than last year. Prices are correspondingly higher.

The alfalfa seed crop in 1948 was the smallest in sixteen years. The supply is not far below the average of the five years 1942-1946, but the demand will be much greater than usual. Many farmers will be looking for extra seed to replace unusually heavy losses of alfalfa stands and to substitute for other legume seeds in short supply.

Contrary to earlier expectations, the supply of red-clover seed is 18 percent above last year, tho 10 percent below average. The supply of alsike seed is well above last year and a third above average.

Production of Ladino clover seed in 1948 was larger than in 1947 and double the 1942-1946 average. White-clover seed was 40 percent above average. These two seeds look exactly alike, but Ladino sells for at least four times as much as white clover. So it is very important that handlers and farmers know which they are buying or selling.

Supplies of sweet-clover seed are 17 percent smaller than a year ago and 28 percent below the 1942-1946 average. Supplies of timothy seed are two-fifths under either last year or the five-year average. The crop of Kentucky-bluegrass seed in 1948 was about average but only half as large as the 1947 crop. The redtop seed crop was only about half of normal.

Production of brome-grass seed in 1948 was only two-fifths as much as in the previous year and three-fifths of the five-year average. The orchard-grass seed crop was also short, being about a fifth smaller than usual. Supplies of Sudan-grass seed are 10 percent smaller than a year ago and 40 percent less than average.

## **MORE HOGS IN 1949**

Hog marketings in the first nine months of 1949 are expected to run about the same as in 1948. In the last quarter of the year marketings probably will be 15 to 20 percent larger than in the fall of 1948. The spring pig crop would be even larger if it were not for three factors: government price support for corn, satisfactory farm incomes without raising hogs, and uncertainty as to what will happen to hog prices next fall.

Present laws require that hog prices be supported at 90 percent of parity in 1949. On the basis of prices paid by farmers on September 15, 1948, the support level will be around \$18 a hundred pounds.

If employment and wage rates in cities remain near the 1948 averages, hog prices next fall are expected to range from about \$24 down to the support level. But even at these prices many farmers would be able to make good profits on hogs.

## **LESS BEEF AND VEAL**

Production of beef and veal is expected to be slightly smaller than in the past year. The reduction may be as much as 5 percent, but the exact amount will depend upon how much more farmers and ranchers reduce their cattle herds.

Farmers may grain-feed a few more cattle in 1949 than they did in 1948. The number so fed will be limited, however, by the scarcity and high prices of cattle suitable for feeding. Cattle put into feedlots this season will be fed longer and to heavier weights than last year. This means that more high-grade cattle will be marketed in 1949 and top prices will be correspondingly lower than in 1948.

## **LAMBS AND WOOL**

Production of lambs and wool in 1949 probably will be the smallest on record. Sheep and lamb numbers will be about two-fifths less than in 1941, when the present decline started. Lamb prices are expected to hold up well in 1949, which means they will probably rise relative to prices of cattle and hogs.

The government will support wool prices at an average of 42.3 cents a pound in 1949, the same support level as was in effect in 1948. Market prices for the finer grades of wool are expected to be above the support level. Present legislation requires the government to support wool prices at 90 percent of parity in 1950 and for several years thereafter.

## FARM EQUIPMENT

List prices of new farm machinery are expected to remain near their present record high levels. Manufacturing costs will be kept high by increases in wage rates, costs of steel, and freight rates.

Production of farm machinery is expected to be about the same as the record output last year. Farmers may, however, have some difficulty getting all the tractors and tractor machinery they want. Enough of most other machinery and equipment is expected to be available to meet demands.

## BUILDING MATERIALS

Prices of most building materials are expected to remain near their present levels in 1949. Supplies may be easier to find than they were last year.

Building materials made of steel will continue to be hard to get in 1949 and prices may go up still further. Less up-grading of lumber may make it possible to get a little better quality for the price. Cement and cement blocks should be back in good supply, at least for the first half of the building season.

## INSECT PESTS

**European corn borer.** The corn-borer threat is greatest in the area between U. S. Highway 30 and a line drawn across the state thru Quincy and Champaign. Control practices, including the use of insecticides where needed, should be followed in this area to avoid possible damage to the corn crop. North of U. S. 30 the threat is not now as great as it was in the last three years, but control practices should still be followed, including in some instances the use of insecticides. South of the Quincy-Champaign line the threat is not serious.

**Grasshoppers.** If rainfall is slight in late May and June, these pests may cause as much trouble as in 1948.

**Chinch bugs.** If the spring is moderately dry, farmers in the eastern three to four tiers of counties from Champaign to the Wisconsin line should examine weak stands of grain for chinch bugs. Three or four counties near East St. Louis may also bear watching.

**Stored-grain insects.** With more grain stored on farms, we may expect greater damage by stored-grain insects. Wheat, corn, and oats still in storage in the spring of 1949 should be sampled to determine the abundance of insects and fumigated if necessary.

## DAIRY SITUATION FAVORABLE

Dairymen are expected to have a good year in 1949. Milk prices probably will average about as high as in 1948, while feed costs will be lower.

Farmers in the U. S. are starting the new year with fewer cows than they had at the beginning of 1948. But since feed will be both plentiful and reasonable, they are expected to produce even more per cow than they did in the record year 1948. So total milk production is forecast as about the same as in 1948. The rapid increase in our population will, however, cut down the amount available for each person. In fact, on a per-capita basis, production of milk will be the smallest since the great drouths of the middle 1930's.

Demand for butter has been going down for several years. This trend is likely to continue for some time. Many dairymen who are now selling butterfat may find it advantageous to shift to the sale of whole milk.

## HIGHER PROFITS FROM POULTRY

Egg producers should make more profit in 1949 than in 1948. Feed costs will be much lower, while egg prices are expected to average about the same as in the past year.

Because farmers will have fewer laying hens during the first half of the year, egg production is expected to average about 3 percent less than in the first half of 1948. Next fall, when 1949 pullets begin to lay, egg production probably will be larger than in the fall of 1948.

Chickens and turkeys are likely to sell for a little less than in 1948 because farmers are expected to increase production about 15 percent in 1949. These lower prices may, however, be more than offset by lower feed costs.

## LIVESTOCK DISEASES

The animal-disease situation is not expected to change much in 1949. This means that farmers must continue to guard against those diseases that are an ever-present threat to livestock: brucellosis in cattle and hogs; mastitis in dairy cattle; hog cholera, swine erysipelas, and necrotic enteritis in hogs; and Newcastle disease, pullorum disease, leucosis, and tuberculosis in poultry. Two other cattle diseases, hyperkeratosis and leptospirosis, have recently been reported for the first time in Illinois.

The epidemic of foot-and-mouth disease in Mexico appears to be confined to a quarantine area, but it remains a potential threat.



## **LIVING COSTS SLIGHTLY LOWER**

There is little prospect that consumers will enjoy generally lower prices in 1949. There may be small reductions in prices of some goods, and some better buys in clothing, house furnishings, and electrical equipment, but not much change otherwise.

Food supplies will be about the same in general as during 1948. Fresh and canned citrus fruits will be plentiful and prices will be moderate. In the fall of 1949 meat prices are expected to decline moderately because meat supplies, especially pork, will increase.

No general change in clothing prices is expected during 1949, but careful shoppers may find some good buys in mark-down sales this winter. Prices of cotton clothing will tend to go down because of increased supplies and lower prices of raw cotton. On the other hand, wool used for clothing is higher than a year ago. Late in 1949 clothing prices may rise as a result of higher labor costs in manufacturing.

Prices of electric refrigerators, vacuum cleaners, and washing machines may be lower in 1949 than in 1948. Some manufacturers and dealers may have to cut prices in order to reduce stocks. Limited supplies of steel, however, will hold production of large household appliances down to a moderate level. A fourth round of wage increases would raise manufacturing costs and tend to prevent general price reduction.

## **FRUITS AND VEGETABLES**

The demand for fruits and vegetables is expected to continue as strong in 1949 as in the past year. Production of apples and peaches probably will be moderately larger than in 1948 and prices correspondingly lower. Little change is expected in prices for truck crops for the fresh market and for commercial canning.

## **FOREST PRODUCTS**

Prices and demand for the better species and grades should be good thru 1949. Increasing inventories will further weaken the position of poorer species and grades.

Best method of sale will be on a marked-tree basis to include short trunks, low-value species, and mature trees. Sale of cut products (except walnut) will increase cash returns. Prices will not justify sale of good-quality, fast-growing trees.